



**WCI  
CANADA  
LIMITED  
ANNUAL  
REPORT  
1975**



WCI CANADA LIMITED AND SUBSIDIARIES

#### BOARD OF DIRECTORS

Clarke M. Beattie  
Roy H. Holdt  
Kenneth A. Jones  
Hubert T. Mandeville  
Ward C. Pitfield  
Edward S. Reddig  
Henry S. Reddig  
Paul F. Salipante  
Ward Smith  
Karl E. Ware

#### OFFICERS

Edward S. Reddig  
Chairman of the Board  
  
Paul F. Salipante  
President  
  
Claude Lafontaine  
Vice-President and  
Secretary-Treasurer  
  
Gordon L. Besley  
Vice-President  
  
Jacques Lebeuf  
Vice-President  
  
Yvon L'Heureux  
Vice-President  
  
Derek Powell  
Vice-President  
  
Floyd R. Siddall  
Vice-President  
  
Edwin R. Vaughan  
Vice-President  
  
Jacques R. Gelinas  
Assistant-Secretary and  
Assistant-Treasurer

#### SUBSIDIARIES & DIVISIONS

**FRANKLIN MANUFACTURING COMPANY (CANADA) LTD.**  
Edwin R. Vaughan, President  
  
**HUPP CANADA LTD.**  
Yvon L'Heureux, President  
  
**KELVINATOR SALES DIVISION**  
Derek Powell, President  
  
**RESCO DIVISION**  
Gordon L. Besley, President  
  
**ROY AND GIBSON SALES DIVISION**  
Jacques Lebeuf, Vice President  
and General Manager  
  
**WHITE CONSOLIDATED INDUSTRIES, LTD.**  
Richard E. Lavery, President

#### HEAD OFFICE

WCI CANADA LIMITED  
490 YORK ROAD, GUELPH, ONT.

#### REGISTRAR

THE ROYAL TRUST CO.  
TORONTO, MONTREAL

**INDEPENDENT AUDITORS**  
ERNST & ERNST, MONTREAL



WCI CANADA LIMITED AND SUBSIDIARIES

## Report to the Shareholders

for the year ended December 31, 1975

The year 1975 was a year of continued growth for your Company, with sales and earnings both reaching new highs. Sales of \$84,519,120 for the year ended December 31, 1975 compare with sales of \$82,501,536 in the previous year. Net income reached a record level of \$7,022,734 or \$4.46 per common share compared with net income of \$6,167,358 or \$3.91 for the previous year.

These improvements were achieved during a year of very unsettled economic conditions and indicate the strong and stable position of your Company in the major household appliance business.

The financial position of the Company showed further strengthening with an increase in working capital of \$3,716,533. The implementation of strict inventory control programs resulted in reduction of inventories by \$3,393,420 which was an improvement of approximately 20% from the level of the previous year. Shareholders' equity has increased from \$22.48 per share at December 31, 1974 to \$26.14 at the end of 1975.

On February 20, 1975, the Board of Directors increased the quarterly dividend to 20 cents per share or an annual rate of 80 cents per share. The same quarterly dividend has been paid in each of the following periods.

As part of the transaction whereby White Consolidated Industries, Inc. acquired the major appliance business of

Westinghouse Electric Corporation on March 1, 1975 your Company applied to the Canadian Government for approval to acquire the household appliance business of Westinghouse Canada Limited. After first being turned down by the Canadian Government on August 7, 1975, your Company resubmitted its application, but was once again turned down by the Government on March 30, 1976. An application by your Company has been submitted to the Canadian Government for WCI Canada Limited to become a registered user of the name Westinghouse under the rights purchased by White Consolidated Industries, Inc. in the above transaction. This application was joined in or consented to by White Consolidated Industries, Inc., Westinghouse Electric Corporation and Westinghouse Canada Limited. We intend to protect your Company's interest in these rights and are in active and continuing consultation with our advisers in order to most advantageously engage in commercial activities in Canada under the Westinghouse trademark, and to bring to the Canadian public major appliances with the traditional high quality and performance characteristics associated with the Westinghouse brand.

We would like to thank our shareholders, employees and customers for the support and excellent co-operation given to the Company throughout the year. Our best efforts will be extended to achieving the greatest possible degree of success for the future.

On behalf of the Board,

Chairman

President

Guelph, Ontario  
April 23, 1976



WCI CANADA LIMITED AND SUBSIDIARIES

## Statements of Consolidated Income

	Year ended December 31, 1975	1974
Net sales .....	\$84,519,120	\$82,501,536
Interest income – Note 8 .....	654,981	436,102
	<u>\$85,174,101</u>	<u>\$82,937,638</u>
Income before undernoted items .....	\$13,696,775	\$12,336,097
Depreciation and amortization .....	837,136	812,918
Interest expense .....	556,905	835,821
	<u>1,394,041</u>	<u>1,648,739</u>
Income before income taxes .....	12,302,734	10,687,358
Income taxes:		
Current .....	5,070,000	4,093,000
Deferred .....	210,000	427,000
	<u>5,280,000</u>	<u>4,520,000</u>
Net Income .....	<u>\$ 7,022,734</u>	<u>\$ 6,167,358</u>
Earnings per share .....	\$ 4.46	\$ 3.91

## Statements of Consolidated Retained Income

	Year ended December 31, 1975	1974
Retained income at beginning of year .....	\$18,524,433	\$13,302,711
Net income for the year .....	7,022,734	6,167,358
	<u>25,547,167</u>	<u>19,470,069</u>
Deduct cash dividends of		
\$0.80 per common share for 1975 and		
\$0.60 per common share for 1974 .....	1,260,848	945,636
Retained income at end of year – Note 6 .....	<u>\$24,286,319</u>	<u>\$18,524,433</u>

See notes to consolidated financial statements





WCI CANADA LIMITED AND SUBSIDIARIES

## Statements of Consolidated Changes in Financial Position

Year ended December 31,  
1975                    1974

### Source of funds

#### From operations:

Net income .....	\$ 7,022,734	\$ 6,167,358
Items not affecting working capital:		
Depreciation and amortization .....	837,136	812,918
Deferred credits .....	210,000	427,000
Total from operations .....	<u>\$ 8,069,870</u>	<u>\$ 7,407,276</u>

### Application of funds

Cash dividends .....	\$ 1,260,848	\$ 945,636
Additions to property, plant and equipment – net .....	1,285,797	897,288
Repayment of long-term debt and reclassification to current maturities .....	1,806,692	1,807,237
Increase in working capital .....	3,716,533	3,757,115
Total from operations .....	<u>\$ 8,069,870</u>	<u>\$ 7,407,276</u>

### Changes in the components of working capital are summarized as follows:

#### Increase (decrease) in current assets:

Cash .....	\$(1,697,833)	\$ 1,080,022
Short-term investments .....	9,595,361	(1,062,208)
Trade receivables .....	317,059	1,800,767
Affiliated companies .....	( 55,838)	( 522,078)
Inventories .....	(3,393,420)	5,842,960
Prepaid expenses .....	( 93,237)	3,456
Increase in current assets .....	<u>4,672,092</u>	<u>7,142,919</u>

#### (Increase) decrease in current liabilities:

Trade and sundry accounts payable .....	( 263,230)	(1,047,404)
Due to affiliated companies .....	( 284,131)	(1,097,614)
Income taxes .....	( 408,743)	(1,241,318)
Current maturities of long-term debt .....	545	532
(Amounts in parentheses indicate decreases.)		
Increase in current liabilities .....	<u>( 955,559)</u>	<u>(3,385,804)</u>
Increase in working capital .....	<u>\$ 3,716,533</u>	<u>\$ 3,757,115</u>



WCI CANADA LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31,  
1975              1974

### ASSETS

#### Current Assets

Cash .....	\$ 906,139	\$ 2,603,972
Short-term investments .....	13,983,153	4,387,792
Receivables:		
Trade .....	10,689,014	10,371,955
Affiliated companies .....	16,889	72,727
	<hr/>	<hr/>
Inventories – Note 3 .....	10,705,903	10,444,682
Prepaid expenses .....	14,607,518	18,000,938
	<hr/>	<hr/>
Total current assets .....	151,837	245,074
	<hr/>	<hr/>
Total current assets .....	40,354,550	35,682,458

#### Property, plant and equipment – Note 4

Land .....	223,920	179,308
Buildings .....	6,493,631	6,351,602
Machinery and equipment .....	10,669,178	10,097,985
	<hr/>	<hr/>
Less allowances for depreciation and amortization ..	17,386,729	16,628,895
	<hr/>	<hr/>
	9,328,053	9,018,880
	<hr/>	<hr/>
	8,058,676	7,610,015

#### Excess of issue price of shares over net assets of

subsidiaries acquired .....	11,113,917	11,113,917
	<hr/>	<hr/>
	\$59,527,143	\$54,406,390

Approved on behalf of the board:

E.S. REDDIG, Director

P.F. SALIPANTE, Director

See notes to consolidated financial statements



GIBSON RANGE



WCI CANADA LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheets

	December 31, 1975	1974
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade and sundry accounts payable . . . . .	\$ 7,691,992	\$ 7,428,762
Due to affiliated companies . . . . .	2,444,438	2,160,307
Income taxes . . . . .	1,972,300	1,563,557
Current maturities of long-term debt . . . . .	1,806,692	1,807,237
Total current liabilities . . . . .	13,915,422	12,959,863
Long-term debt – Note 5 . . . . .	2,779,977	4,586,669
Provision for warranty . . . . .	193,000	193,000
Deferred income taxes . . . . .	1,446,386	1,236,386
<b>Shareholders' equity</b>		
Capital Stock, no par value:		
Authorized – 5,000,000 shares		
Issued – 1,576,060 shares . . . . .	16,906,039	16,906,039
Retained income – Note 6 . . . . .	24,286,319	18,524,433
	41,192,358	35,430,472
<b>Contingent liabilities – Note 7</b>	<u>\$59,527,143</u>	<u>\$54,406,390</u>

To the Shareholders, WCI Canada Limited,  
(A public company incorporated under the laws of Canada), Guelph, Ontario.

We have examined the consolidated balance sheets of WCI Canada Limited and subsidiaries as at December 31, 1975 and 1974, and the related statements of consolidated income, retained income and changes in financial position for the years then ended. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of WCI Canada Limited and subsidiaries as at December 31, 1975 and 1974, and the results of their operations and changes in financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Chartered Accountants

January 29, 1976



WCI CANADA LIMITED AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 1975 and 1974

### Note 1 — Accounting Policies and Practices

#### Principles of consolidation:

The consolidated financial statements include the accounts of the Company and all its subsidiaries. Upon consolidation, all significant inter-company accounts and transactions have been eliminated.

#### Inventories:

Inventories are priced at the lower of cost (principally first-in, first-out) and net realizable value for finished products, merchandise and service parts and replacement cost for other inventories.

#### Property and depreciation:

Property is carried on the basis of cost and includes expenditures which substantially increase the useful life of existing assets. Routine maintenance, repairs, and minor tooling are expensed as incurred.

Depreciation is computed by the straight-line method over the estimated useful lives of individual assets.

#### Excess of issue price of shares over net assets of subsidiaries acquired:

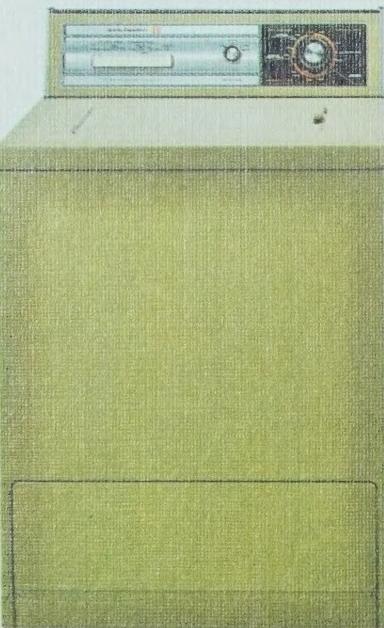
The excess of issue price of shares over net assets of subsidiaries acquired is not being amortized because, in the opinion of management, there has been no decrease in the value of this asset.

#### Warranties:

A significant percentage of net sales is covered by performance warranties, which as to certain components thereof, extend beyond one year. The Company charges product warranty costs to expense as incurred.

#### Income taxes:

Deferred income taxes arise from timing differences between financial and tax reporting and relate principally to depreciation.



FRANKLIN LAUNDRY



WCI CANADA LIMITED AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

December 31, 1975 and 1974

### Note 2 — Change of Year End

Because the Company changed its year end from September 30 to December 31 in 1974, the prior year consolidated financial statements gave comparative figures for the periods of three months ended December 31, 1974 and 1973 and for the years ended September 30, 1974 and 1973.

The current year consolidated financial statements give comparative figures for the years ended December 31, 1975 and 1974.

### Note 3 — Inventories

Inventories consist of the following:

	1975	1974
Finished products, merchandise and service parts . . . . .	\$ 8,432,324	\$10,208,631
Raw materials and work in process . . . . .	6,175,194	7,792,307
	<hr/> <u>\$14,607,518</u>	<hr/> <u>\$18,000,938</u>

### Note 4 — Land, Buildings and Equipment

Certain manufacturing facilities are not used in the Company's operations. A portion of these facilities has been leased through to April 30, 1977 and an irrevocable option has been granted to the Lessee to purchase this property during the period of the lease for an amount in excess of the undepreciated cost.

### Note 5 — Long-term Debt

	1975	1974
Unsecured notes to banks —		
interest at 3/4 % over prime rate, payable in quarterly instalments of \$450,000 to May 1978 . . . . .	\$ 4,500,000	\$ 6,300,000
Mortgages payable by a consolidated subsidiary, interest 7 %, in instalments to 1980 . . . . .	86,669	93,906
	<hr/> 4,586,669	<hr/> 6,393,906
Less current maturities . . . . .	1,806,692	1,807,237
	<hr/> \$ 2,779,977	<hr/> \$ 4,586,669

The unsecured notes payable agreements place certain restrictions on the Company, including:

1. maintenance of working capital, as defined, of not less than \$15,000,000;
2. maintenance of the shareholders' equity at \$22,500,000;
3. written approval of the banks to incur any debt senior to existing notes, to encumber any of the presently owned fixed assets and to sell or dispose of any substantial portion of these fixed assets.



WCI CANADA LIMITED AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

December 31, 1975 and 1974

### Note 6 — Anti-Inflation Act

The Company is subject to legal enforcement of the Anti-Inflation Act. Consequently the total dividend per common share that may be declared during the twelve-month period ending October 13, 1976, will be determined in accordance with the Act and Regulations.

### Note 7 — Contingent Liabilities

Guarantees have been given with respect to dealer finance contracts outstanding in the amount of \$1,380,007 at December 31, 1975 and \$3,509,508 at December 31, 1974.

### Note 8 — Interest Income

The interest income includes interest from an affiliate amounting to \$282,479 at December 31, 1975 and \$345,408 at December 31, 1974.

### Note 9 — Pending Acquisition

On January 21, 1976 the Company signed a letter of intent to purchase certain assets and liabilities of the so-called Household Appliance Business of Westinghouse Canada Limited.

The acquisition was not approved by the Foreign Investment Review Agency as of the date of the accountants' report (January 29, 1976).

### Note 10 — Remuneration of Directors and Officers Charged to Consolidated Operations

	1975		1974	
	Number	Amount	Number	Amount
Directors .....	10	\$ 45,750	10	\$ 36,300
Officers .....	10	366,325	7	212,255
Officers who are also directors .....	2		6	



WHITE SEWING MACHINE



WCI CANADA LIMITED AND SUBSIDIARIES

## Five Year Record

	1975	1974	Year Ended December 31 (Note A)	1972	1971
			1973		
Net sales . . . . .	\$84,519,120	\$82,501,536	\$68,484,894	\$61,002,697	\$45,240,704
Income before extraordinary items . .	7,022,734	6,167,358	4,740,332	3,860,682	1,248,084
Extraordinary items . . . . .	—	—	1,270,000	1,505,920	522,617
Net income . . . . .	7,022,734	6,167,358	6,010,332	5,366,602	1,770,701
Income					
Per share (Note B)					
Before extraordinary items . . . .	4.46	3.91	3.01	2.45	.79
After extraordinary items . . . . .	4.46	3.91	3.82	3.40	1.12

### NOTE A

The Company changed its year end from September 30, 1974 to December 31, 1974. For comparative purposes, the figures for the five years are for the period of twelve months ended December 31.

Revenues and expenses are presented on a consolidated basis for the years ended December 31, 1975, 1974 and 1973. The figures for the year ended December 31, 1972 represent the combined revenues and expenses for the period of nine months ended September 30, 1972, (date of acquisition of the subsidiaries) and the consolidated revenues and expenses for the period of three months ended December 31, 1972. The revenues and expenses for the year ended December 31, 1971 are presented on a combined basis as the subsidiaries were acquired in September 1972.

### NOTE B

Income per share is based on the 1,576,060 shares presently outstanding.

## **WCI CANADA LIMITED COMPANIES**

### **CAMBRIDGE, ONTARIO**

**Franklin Manufacturing Company (Canada) Ltd.**  
Principal Products: Automatic Laundry,  
Home Freezers, Refrigerators, Steel Tubing.

### **GUELPH, ONTARIO**

**Kelvinator Sales Division**  
Principal Products: Refrigerators,  
Electric Ranges, Automatic Laundry,  
Home Freezers, Dishwashers and  
Commercial Refrigeration.

### **GUELPH, ONTARIO**

**Resco Division**  
Principal Products: Appliance Parts and Service.

### **SCARBOROUGH, ONTARIO**

**White Consolidated Industries, Ltd.**  
Principal Products: Sewing Machines.

### **L'ASSOMPTION, QUEBEC**

**Hupp Canada Ltd.**  
Principal Products: Refrigerators and Electric Ranges.

### **L'ASSOMPTION, QUEBEC**

**Roy & Gibson Sales Division**  
Principal Products: Refrigerators, Electric Ranges,  
Automatic Laundry, Home Freezers and Dishwashers.

